Alberta weekly economic review

June 1, 2012

Average Weekly Earnings

Earnings growth moderates in the first quarter

Average weekly earnings continued to rise in March, by 0.2% to $1,056.87. Year-over-year growth was 3.3% and, in the first quarter, earnings were up 2.8% over the same time last year. This represents a moderation from the 4.3% pace recorded in the fourth quarter of 2011.

Nationally, average weekly earnings rose an impressive 0.8% to $888.34 in March, bringing earnings 2.1% above March 2011 levels. Saskatchewan lead the nation with a 5.9% year-over-year jump.

Rigs Drilling

Drilling activity stays ahead of last year

Activity in Alberta's oil and gas industry continued to improve in May. Last month's rig count of 88 was the highest May level in 6 years and 4.5% above the same time last year. Year to date, rigs drilling is 4.7 % above last year's levels.

Population

Alberta is getting older, but remains the youngest province

Alberta's population is aging along with the rest of Canada, according to the latest census release. The proportion of citizens aged 65 and older in the province grew by 0.4 percentage points from 2006 to 2011 and now represents 11.1% of the population. However, with the lowest median age (36.5) and the lowest proportion of people 65+ in our population, Alberta remains the youngest province. Nationally, 14.8% of the population is above the age of 65 and the average age is 40.6 years.

IPPI and RMPI

Industrial prices unchanged while Raw Materials fall

Industrial Product Price Index (IPPI) was stagnant in April, and up only 0.4% year-over-year. The raw materials price index (RMPI) fell by 2% between March and April, and was 13.6% lower than April 2011. So far this year, the RMPI has fallen 3.8% while the IPPI is up 1.4% compared to the first four months of last year.

Canadian GDP

Growth remains tepid in first quarter

Canada's GDP expanded at a modest annualized rate of 1.9% in the first quarter of 2012. Improvements in residential and business investment (especially in inventories) mainly contributed to the first quarter increase. Weighing on growth was lower government spending (-2.1%), as well as weaker growth in consumer expenditures (0.9%).

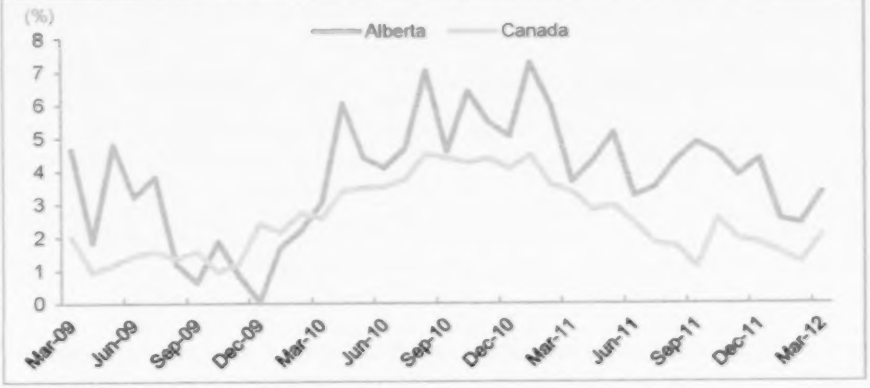
In March, GDP by industry inched up by 0.1%. A 0.9% increase in both manufacturing and construction output helped offset a 2.4% decline in mining, oil and gas extraction.

US Economy

US job growth slows

Weak job gains and revisions to GDP growth point to a slowing expansion south of the border. First quarter GDP growth was revised down 0.2 points to 1.9%, below the fourth quarter pace of 3.0%. Job creation slowed for the fourth straight month. Only 69,000 jobs were created in May, and the US unemployment rate edged up to 8.2%.

Average Weekly Earnings (year-over-year percentage growth)



Source: Statistics Canada

Closing Prices	May 24, 2012	June 1, 2012	2012–13 Fiscal YTD
Canadian Dollar ($US/$CAN)	97.52	96.34	99.71
WTI Oil ($US/bbl)	$90.66	$83.23	$96.46
NYMEX Natural Gas ($US/MMBtu)	$2.65	$2.39	$2.28

Alberta Economic Indicators[1]

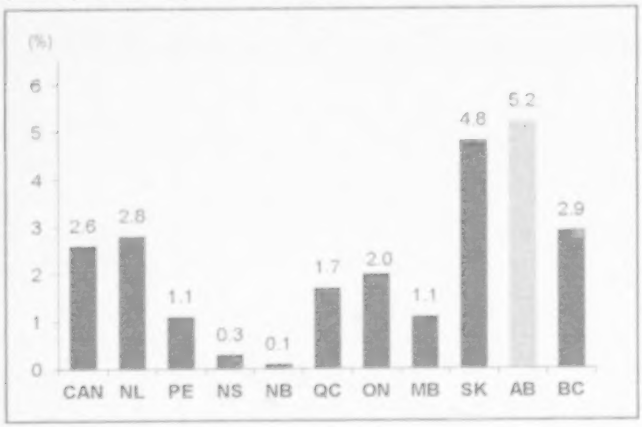
Population	2010	2011	2012YTD	Dec	Jan	Feb	Mar	Apr	May
Population[2] (000's)	3,721	3,779	3,818		3,808				
% change	1.3	1.6	2.0		2				
Net Interprovincial Migration[2] (net)	2,183	13,060	9,146		6,010				
Net International Migration[2] (net)	21,533	14,033	13,877		6,297				
Net Non-permanent Residents[2] (net)	-77	-7,988	2,460		105				
Labour Market									
Employment (000's)	2,017	2,094	2,134	2,130	2,135	2,135	2,132	2,143	
% change	0.4	3.8	3.4	4.3	3.9	3.8	3.1	3.9	
Unemployment Rate (%)	6.5	5.5	5.0	4.9	4.9	5.0	5.3	4.9	
Participation Rate (%)	72.9	73.7	73.9	74.0	74.1	73.7	74.0	73.9	
NEW: Average Weekly Earnings ($)	993.28	1,038.70	1,066.91	1,049.72	1,056.05	1,054.60	1,058.80		
% change	4.5	4.6	2.6	4.4	2.8	2.4	3.2		
Price Indices									
Consumer Price Index	1.0	2.4	1.8	2.0	2.0	1.9	1.7	0.8	
Excluding food and energy	0.8	0.8	1.5	1.7	2.4	1.6	1.5	2.1	
Non-Res. Building Const. Price Index[3]	4.1	3.4	4.5	4.0			4.5		
Farm Product Price Index	-3.9	-17.4	5.0	10.5	7.1	2.9			
Crops	-14.5	-19.1	2.8	1.8	0.8	-4.7			
Livestock	5.7	17.2	12.4	17.6	15.0	19.0			
Household Sector									
Housing Starts (CMHC, 000's)	26.9	25.5	32.7	28.5	25.9	32.1	35.5	37.3	
% change	34.5	-5.3	54.2	36.1	34.2	42.7	69.9	68.9	
Housing Price Index*	0.5	0.4	0.5	0.5	0.7	0.2	0.8		
Edmonton	0.6	0.9	0.7	1.2	1.3	0.1	0.8		
Calgary	1.7	0.1	0.4	0.1	0.1	0.4	0.0		
MLS Average Resale Prices ($ 000's)	350.9	352.7	356.4	351.0	349.0	360.5	359.6	362.5	
% change	3.1	0.5	0.6	0.7	2.7	1.2	2.5	1.1	
Edmonton ($ 000's)	326.5	326.5	332.0	330.0	335.2	334.5	331.3	337.2	
% change	2.3	-0.7	2.9	1.9	0.7	4.8	2.8	3.2	
Calgary ($ 000's)	397.4	401.9	401.2	402.4	378.5	410.5	407.8	407.8	
% change	3.4	1.1	0.5	1.7	-6.2	0.5	2.4	1.3	
Retail Sales	6.0	6.9	9.7	7.9	11.0	9.1	9.0		
New Motor Vehicle Sales	9.5	9.6	18.3	10.4	25.6	20.8	12.9		
NEW: Consumer Bankruptcies (level)	8,150	7,029	1,618	483	517	533	568		
% change	-18.4	-13.8	-14.6	-6.9	10.6	16.2	16.1		
Business Sector									
NEW: Rigs Drilling (level)	207	285	285	358	401	459	358	141	86
% change	61.3	37.9	4.7	25.8	7.8	9.9	7.5	14.4	4.5
Goods Exports (customs based)	12.4	18.3	14.5	15.7	15.7	17.1	11.1		
Energy	17.2	19.2	15.4	16.7	16.6	17.5	13.2		
Agriculture	-14.4	21.4	23.9	30.3	27.4	18.4	25.9		
Total Farm Cash Receipts (quarterly)	-3.7	16.3	28.3	22.3			28.3		
Manufacturing Shipments	11.9	18.0	14.6	16.1	14.9	16.0	13.0		
Wholesale Trade	10.8	14.8	15.1	15.7	15.3	16.2	13.8		
Building Permits	2.1	11.2	7.5	48.6	33.4	22.6	37.5		
Residential	24.7	4.7	31.3	32.6	24.2	50.2	32.7		
Non-residential	19.0	20.4	-14.6	67.1	51.7	52.9	64.6		
NEW: Business Bankruptcies (level)	378	264	64	18	30	25	19		
% change	-6.7	-30.2	-17.9	-59.1	-33.3	13.6	26.0		

[1]YTD (year- to- date) represents the change since the beginning of the year compared to the same period in the previous year.
[2]Unless otherwise indicated, all figures are year- over- year percentage change.
[3]Quarterly, annual numbers are presented on a census year basis (July 1 – June 30).
[4]Quarterly, average of Calgary and Edmonton.
[5]Average of Calgary and Edmonton.

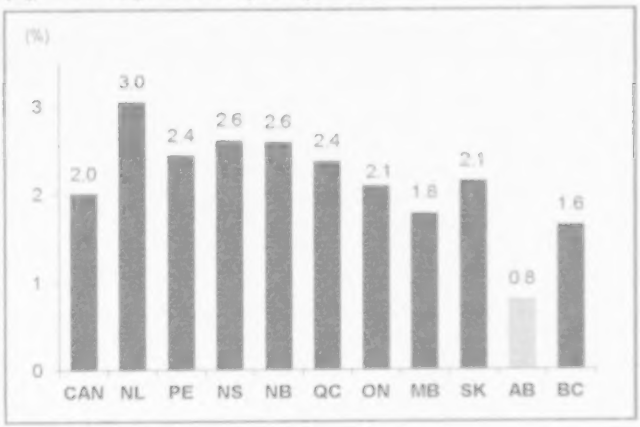
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

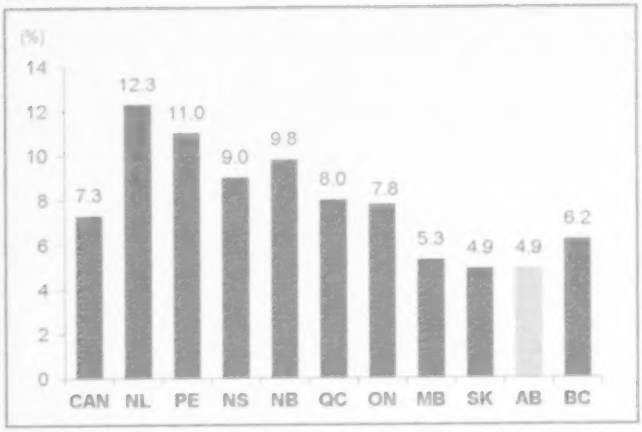
Real GDP Growth by Industry
(2011 preliminary estimates, year-over-year growth)



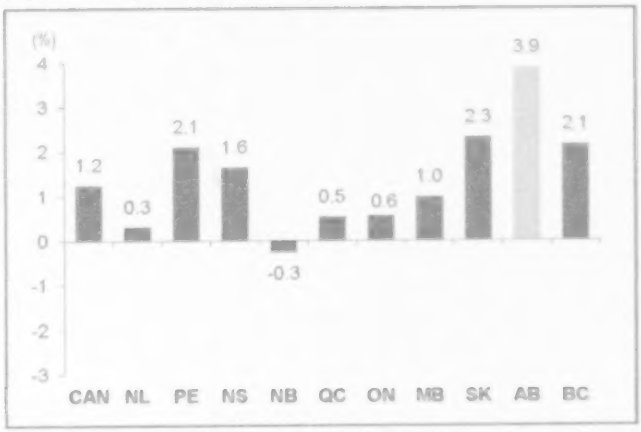
CPI Inflation
(April 2012, year-over-year growth)



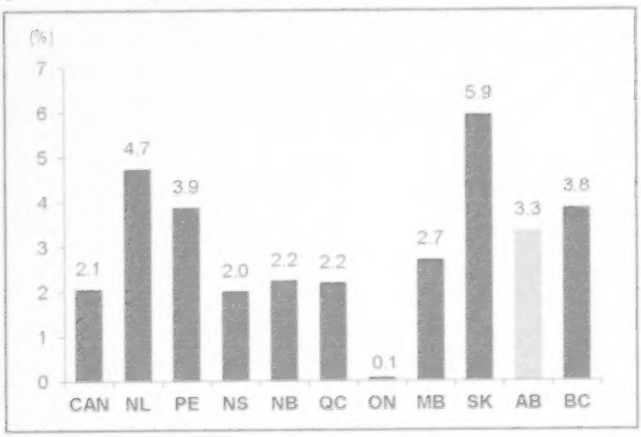
Unemployment Rate
(April 2012)



Employment
(April 2012, year-over-year growth)



Average Weekly earnings
(March 2012, year-over-year growth)



Housing Starts
(April 2012, SAAR, year-over-year growth)